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Received - 2021-12-10 06:50:00 AM
Control Number - 52373
ItemNumber - 270

December 10, 2021

Chairman Peter Lake
Commissioner Lori Cobos
Commissioner Jimmy Glotfelty
Commissioner Will McAdams
Public Utility Commission of Texas
1701 N. Congress Avenue
PO Box 13326
Austin, Texas 78711-3326

RE: Market Redesign – Docket 52373

Dear Commissioners:

General Motors (GM) has a large operational presence in Texas, including 13 facilities, over 13,000 employees and almost 300 suppliers. Our SUV assembly facility in Arlington, Texas, has more than 5,300 of our Texas employees and 5.75M square feet of manufacturing space.¹ GM also has aggressive clean energy goals and has made significant investment in renewables in Texas, including 80 MW of wind energy: 50 MW from the Cactus flats Wind Facility in Eden, Texas,² and 30 MW from the Hidalgo Wind Farm in Edinburg, Texas.³

GM has reviewed the Blueprint Market Redesign points submitted by the PUC on 12-6-2021⁴ and commends the Commission for its commitment to take quick action to redesign the energy market to improve grid reliability. This becomes key for both our operational resilience, as well as ensuring that our customers have the ability to charge their vehicles as more EVs come to market. Per the PUC's goal to ensure a reliable and affordable electric grid that is also clean, we ask that the PUC also ensure that the proposals outlined in the blueprint bolster reliability needs while also avoiding cost impact to customers.

Furthermore, we agree with the commitment to reliability outlined in Governor Greg Abbott's letter to the PUC on July 6, 2021.⁵ Our sole concern surrounds the recommendation requiring renewable generators shoulder additional reliability costs. We believe this would unnecessarily impose significant costs for future renewable energy projects, project investors, and electricity consumers. The current competitive market structure – aggregating cost of generation services across all load – has enabled more than \$60 billion of renewable energy investment in the Texas market. While renewable energy may be variable, it is predictable in the near term, and ERCOT already forecasts and controls wind and solar output. In addition, ancillary services purchases in ERCOT have remained relatively flat, while

¹ https://plants.gm.com/media/us/en/gm/company_info/facilities/assembly/arlington.html

² <https://media.gm.com/media/us/en/gm/home.detail.html/content/Pages/news/us/en/2016/nov/1116-green.html>

³ <https://media.gm.com/media/us/en/gm/news.detail.html/content/Pages/news/us/en/2015/dec/1210-wind.html>

⁴ https://interchange.puc.texas.gov/Documents/52373_268_1172004.PDF

⁵ https://gov.texas.gov/uploads/files/press/SCAN_20210706130409.pdf

renewable generation has increased 262% over the last decade, meaning renewable energy generation isn't increasing ancillary service costs.

Imposing additional costs on renewable generation will not address failures related to the February 2021 grid failure. FERC's recently published findings⁶ point to two major causes of the failure: freezing generator components and fuel supply issues. Their recommendations include strengthening winterization and cold weather preparedness and coordination, both in the electric and natural gas industries, to prevent another occurrence. Note that their recommendations do not include imposing costs on renewable generation sources; rather, they suggest generator owners be provided the opportunity for compensation and recovery costs of building or retrofitting to operate to specific temperatures. They also suggest that regulators require natural gas facilities to follow cold weather preparedness plans.

Reliability investments benefit the entire market and are best shared by all customers. This market structure has allowed us to enter into long-term power purchase agreements with pricing based on these market rules. As a company operating in Texas with clean energy commitments, we respectfully request that the PUC ensures that the steps taken to redesign the energy market take consideration of the cost impacts to customers, and that renewable generation assets do not have additional ancillary costs imposed upon them. Upholding the current competitive energy market structure will allow us to continue to make investments in clean energy. Furthermore, we appreciate your discernment when considering FERC's findings and recommendations regarding the 2021 winter grid failure.

Thank you for your time, consideration, and service to Texas. Please do not hesitate to contact us if we can assist you or your staff in any way. Please reach out to Rob Threlkeld, Senior Global Manager of Energy Strategy, rob.threlkeld@gm.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rob Threlkeld', with a stylized flourish at the end.

Rob Threlkeld
Senior Global Manager of Energy Strategy, General Motors

⁶ <https://www.ferc.gov/february-2021-cold-weather-grid-operations-preliminary-findings-and-recommendations>